



House of Representatives

General Assembly

File No. 294

February Session, 2014

House Bill No. 5248

House of Representatives, April 2, 2014

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING CERTIFICATES OF INSURANCE FOR PROPERTY AND CASUALTY INSURANCE COVERAGE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2014*) (a) As used in this
2 section, "certificate of insurance" means a document or instrument that
3 is prepared or issued by an insurer or insurance producer as evidence
4 of personal risk insurance or commercial risk insurance, as both terms
5 are defined in section 38a-663 of the general statutes, that is issued on
6 property, operations or risks located in this state. "Certificate of
7 insurance" does not include an insurance policy, a binder, an
8 endorsement or an automobile insurance identification or information
9 card.

10 (b) No person shall (1) prepare, deliver or issue for delivery a
11 certificate of insurance that contains false or misleading information
12 about the coverage provided by the referenced insurance policy, (2)
13 prepare the alteration or amendment of a certificate of insurance or
14 deliver or issue for delivery a new certificate of insurance unless such

15 alteration, amendment or new certificate accurately reflects the
 16 provisions of the referenced insurance policy, or (3) represent that (A)
 17 a certificate of insurance confers new or additional rights to any person
 18 beyond those provided for in the referenced insurance policy, or (B)
 19 amending such certificate will alter, amend or extend the coverage
 20 provided by the referenced insurance policy.

21 (c) No certificate of insurance shall warrant that the referenced
 22 insurance policy complies with the insurance or indemnification
 23 requirements of a contract. The inclusion of a contract number or
 24 contract description on a certificate of insurance shall not be construed
 25 as making such a warranty.

26 (d) No person shall prepare, issue, demand or require, in addition to
 27 or in lieu of a certificate of insurance, an opinion letter or other
 28 document or correspondence that is inconsistent with the provisions of
 29 this section, except that an insurer or insurance producer may prepare
 30 or issue an addendum to a certificate of insurance that clarifies and
 31 explains the coverage provided by the referenced insurance policy and
 32 that otherwise complies with the provisions of this section.

33 (e) No person shall request or require another person to perform
 34 any act that violates the provisions of subsection (b) of this section.

35 (f) The commissioner may conduct an investigation, pursuant to
 36 section 38a-16 of the general statutes, of any person the commissioner
 37 reasonably believes has been or is engaged in a violation of any
 38 provision of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	New section

INS**Joint Favorable**

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill makes several requirements concerning certificates of insurance. As the bill addresses private insurance transactions, there is no fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5248*****AN ACT CONCERNING CERTIFICATES OF INSURANCE FOR PROPERTY AND CASUALTY INSURANCE COVERAGE.*****SUMMARY:**

This bill prohibits the improper use of certificates of insurance for property and casualty insurance coverage. A “certificate of insurance” is a document or instrument an insurer or insurance producer prepares or issues as evidence that personal or commercial risk insurance has been issued on property, operations, or risks located in Connecticut. It excludes an insurance policy, binder, endorsement, or auto insurance identification card.

Under the bill, it is illegal to:

1. prepare, deliver, or issue a certificate of insurance that includes false or misleading information;
2. prepare an amendment to a certificate or deliver or issue a new certificate unless it accurately reflects the underlying insurance policy;
3. represent that a certificate confers new or additional rights to anyone beyond those covered by the underlying policy;
4. represent that amending a certificate will amend or extend the coverage provided by the underlying policy;
5. require or request another person to perform any of the acts specified above; or
6. prepare, issue, demand, or require an opinion letter or other correspondence, in addition to or in lieu of a certificate, that is

inconsistent with the bill, but the insurer or producer may prepare or issue an addendum to the certificate to explain the coverage provided by the underlying policy.

The bill also prohibits a certificate from including a warranty that the underlying policy complies with the insurance or indemnification requirements of a contract. Referring in a certificate to a contract number or description will not be construed to be such a warranty.

The bill authorizes the insurance commissioner to investigate anyone he reasonably believes is violating the bill. By law, a violator is subject to a fine of up to \$15,000 (CGS § 38a-2).

EFFECTIVE DATE: October 1, 2014

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/18/2014)